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PASS TREASURY AND AID

E.O. 11652: N/A

TAGS: OECD, EFIN, CIEC

SUBJECT: RESULT OF AD HOC MEETING OF FINANCIAL AND
DEVELOPMENT EXPERTS ON DEBT, SEPTEMBER 7-8

FOLLOWING IS THE TEXT OF THE CHAIRMAN'S WORKING PAPER
WHICH RESULTED FROM THE SEPTEMBER 7-8 MEETING OF THE
AD HOC MEETING OF GOVERNMENTAL REPRESENTATIVES IN THE
FINANCIAL AND DEVELOPMENT FIELDS UNDER THE AUSPICES OF
THE COUNCIL.

BEGIN TEXT

IT WAS RECOGNIZED AT THE OUTSET THAT INDEBTEDNESS PER
SE IS NOT NECESSARILY AN INDICATION OF FINANCIAL OR
ECONOMIC WEAKNESS ON THE PART OF THE DEBTOR COUNTRY,
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AND THAT EXTERNALLY-BORROWED FUNDS CAN BE PARTICULARLY

USEFUL TO DEVELOPING COUNTRIES AS A SUPPLEMENTAL SOURCE
OF FINANCING FOR ECONOMIC GROWTH.

IN CONSIDERING THIS QUESTION, IT IS USEFUL TO DISTING-
UISH BETWEEN TWO DIFFERENT TYPES OF SITUATION.

THE FIRST IS AN ACUTE DEBT CRISIS, INVOLVING DEFAULT OR
IMMINENT DEFAULT ON DEBT SERVICING, AS WELL AS SERIOUS
BALANCE-OF-PAYMENTS DIFFICULTIES IN WHICH DEBT SERVICING
PAYMENTS PLAY A MAJOR ROLE. THIS SITUATION IS CHARAC-
TERIZED BY THE FACT THAT IT CANNOT BE REMEDIED, IN THE
SHORT-TERM, BY APPROPRIATE INTERNAL AND EXTERNAL ADJUST-
MENT MEASURES WHICH THE DEBTOR COUNTRY CAN REALISTICALLY
BE EXPECTED TO TAKE. CONSEQUENTLY, THERE IS A NEED FOR
RECOURSE TO DEBT REORGANIZATION AS A LAST RESORT.

THE SECOND TYPE OF SITUATION IS OF A LONGER-TERM NATURE,
INVOLVING STRUCTURAL, FINANCIAL AND TRANSFER OF RE-
SOURCES PROBLEMS WHICH CONSTRAIN THE BALANCE OF PAYMENTS
AND HAMPER DEVELOPMENT; IN WHICH SITUATION THE COUNTRY
CONCERNED IS NOT FACING DEFAULT, OR IMMINENT DEFAULT,
ON EXTERNAL DEBT SERVICING. IN THIS SITUATION THERE
WOULD BE MORE SCOPE FOR TIMELY AND APPROPRIATE INTERNAL
AND EXTERNAL ADJUSTMENT MEASURES INCLUDING ALL THOSE
AFFECTING THE QUANTITY, QUALITY AND USE OF EXTERNAL
RESOURCE TRANSFERS.

THE STRUCTURE AND PROSPECTS OF ALL ITEMS OF THE BALANCE-
OF-PAYMENTS HAVE TO BE TAKEN INTO ACCOUNT IN EXAMINING
BOTH TYPES OF SITUATION.

I. ACUTE DEBT CRISIS SITUATIONS

ACUTE DEBT CRISIS SITUATIONS WOULD BE TREATED, ON A CASE
BY CASE BASIS, IN CREDITOR CLUBS, AT THE REQUEST OF THE
DEBTOR CONCERNED. WITHIN THESE CLUBS THE PROBLEMS OF
THE DEBTOR CONCERNED WOULD BE DISCUSSED IN A SPIRIT OF
COOPERATION.

TO PROVIDE GUIDANCE FOR DEBT REORGANIZATION IN ACUTE
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DEBT CRISIS SITUATIONS, SOME OF THE FEATURES WHICH
COULD CHARACTERIZE DEBT REORGANIZATION IN SUCH CIRCUM-
STANCES ARE SET OUT BELOW:

- THE DEBTOR COUNTRY WOULD UNDERTAKE A COMPREHEN-
SIVE ECONOMIC PROGRAM DESIGNED TO STRENGTHEN ITS
UNDERLYING BALANCE OF PAYMENTS SITUATION. THIS
PROGRAM WOULD, AS A GENERAL RULE, BE WORKED OUT

WITH, AND MONITORED BY, THE IMF.

- DEBT REORGANIZATION AND THE PROGRAM OF ECONOMIC MEASURES SHOULD TAKE INTO ACCOUNT THE DEVELOPMENT PROSPECTS OF THE DEBTOR COUNTRY, THEREBY ENABLING IT TO CONTINUE DEBT SERVICING PAYMENTS AND RESTORE ITS CREDIT WORTHINESS.

- THE MODALITIES OF DEBT REORGANIZATION WOULD BE

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DETERMINED FLEXIBLY, ON A CASE BY CASE BASIS, TAKING INTO ACCOUNT, ON THE ONE HAND, THE ECONOMIC SITUATION AND PROSPECTS OF THE DEBTOR COUNTRY, THE DEVELOPMENT PROSPECTS AND THE FACTORS CAUSING THE DEBT SERVICE DIFFICULTIES AND,

ON THE OTHER HAND, THE LEGITIMATE INTERESTS OF THE CREDITORS.

- DEBT REORGANIZATION WOULD COVER OFFICIAL AND OFFICIALLY GUARANTEED DEBT WITH A MATURITY OF OVER ONE YEAR.
- CONSOLIDATION PERIODS WOULD NORMALLY BE KEPT RELATIVELY SHORT AND GENERALLY WOULD NOT EXTEND, AS TO FUTURE MATURITIES, BEYOND THE YEAR IN WHICH THE REORGANIZATION IS UNDERTAKEN.

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- EQUALITY AND NON-DISCRIMINATION AMONG ALL CREDITORS, INCLUDING THOSE NOT PARTICIPATING IN THE CREDITOR CLUB, IS AN ESSENTIAL PRINCIPLE UNDERLYING THE OPERATION OF DEBT RENEGOTIATIONS. CREDITOR COUNTRIES WITH MINOR DEBTS DUE, WHICH FREQUENTLY INCLUDE DEVELOPING COUNTRIES, WOULD GENERALLY, HOWEVER, BE EXCLUDED FROM THE MULTILATERAL DEBT RENEGOTIATION.
- IN RESPECT OF ITS PRIVATE NON-OFFICIALLY GUARANTEED DEBT, THE DEBTOR COUNTRY WOULD BE EXPECTED TO NEGOTIATE DEBT REORGANIZATION WITH PRIVATE CREDITORS ON TERMS SIMILAR TO THOSE AGREED IN THE "CREDITOR CLUB" FOR ITS OFFICIAL AND OFFICIALLY GUARANTEED DEBT.
- DEBT REORGANIZATION ARRANGEMENTS WOULD PROVIDE FOR FLEXIBILITY TO REVIEW THE SITUATION AT THE END OF THE CONSOLIDATION PERIOD IN THE LIGHT OF UNFORESEEN CIRCUMSTANCES. THEY SHOULD ALSO PROVIDE FOR ACCELERATED REPAYMENTS IN AN AGREED MANNER IF THE DEBTOR'S ECONOMIC SITUATION IMPROVES MORE RAPIDLY THAN ANTICIPATED.

II. SITUATIONS OF A LONGER-TERM NATURE

IN THE CASE OF DEVELOPING COUNTRIES DEPENDING LARGELY ON AID, STRUCTURAL PROBLEMS CAN HAMPER THE ECONOMIC AND SOCIAL DEVELOPMENT. IN THE PRESENT WORLD ECONOMIC SITUATION, THERE ARE CASES AMONG MSA AND LEAST DEVELOPED COUNTRIES WHERE DEVELOPMENT PROSPECTS HAVE BEEN SERIOUSLY REDUCED BY SUCH STRUCTURAL PROBLEMS. THESE PROBLEMS, WHICH MAY LEAD TO DIFFICULTIES IN IMPLEMENTING DEBT FINANCING, CONSTITUTE GENERAL PROBLEMS OF TRANSFER OF RESOURCES.

IT IS GENERALLY FELT THAT IT WOULD BE DESIRABLE TO
CONSIDER THESE PROBLEMS ON AN INDIVIDUAL BASIS, BILATER-
ALLY OR IN AN APPROPRIATE MULTILATERAL FRAMEWORK, SUCH
AS CONSORTIA AND CONSULTATIVE OR AD HOC AID GROUPS,
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WITH A VIEW TO PROVIDING AID IN FORMS BETTER ADAPTED TO
THE BALANCE-OF-PAYMENTS NEEDS OF THE RECIPIENT IN THE
PERIOD OF DIFFICULTY FORESEEN AND THAT FURTHER CONSIDER-
ATION OF THIS ISSUE IS NECESSARY.

IT IS DESIRABLE THAT INTERNATIONAL FINANCING INSTITU-
TIONS, DONOR COUNTRIES AND DEVELOPING COUNTRIES SHOULD
CONTINUE TO COOPERATE SO THAT LONGER-TERM STRUCTURAL
FINANCIAL PROBLEMS CAN BE AVOIDED BY TIMELY AND EFFICI-
ENT MANAGEMENT OF LONG-TERM RESOURCES.

TO THIS END, INTER ALIA:

(A) DEVELOPING COUNTRIES SHOULD MAKE EVERY EFFORT TO:

- (1) TAKE ON DEBT OBLIGATIONS ONLY TO THE EXTENT
THAT THE MARGINAL BENEFITS OF THESE FUNDS
EXCEED THE MARGINAL COSTS;
- (2) UNDERTAKE TO BORROW FUNDS ONLY FOR PURPOSES
OF A HIGH PRIORITY IN THE CONTEXT OF THEIR
DEVELOPMENT PROGRAM.
- (3) PURSUE ECONOMIC POLICIES WHICH WILL MAXIMIZE
THE MOBILIZATION OF DOMESTIC RESOURCES AND

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AND THE EFFICIENCY OF FOREIGN BORROWING,
SO AS TO STRENGTHEN THEIR BALANCE-OF-PAYMENTS
POSITIONS;

(B) DONOR COUNTRIES SHOULD MAKE EVERY EFFORT TO ASSIST
THE DEVELOPING COUNTRIES IN COPING WITH THEIR EXTERNAL
FINANCIAL PROBLEMS, BY SUCH MEASURES AS:

(1) IMPROVING THE QUANTITY AND QUALITY OF ASSIST-
ANCE FLOWS AND ENSURING THAT TERMS ARE
COMPATIBLE WITH THE RECIPIENT'S DEVELOPMENT
STATUS;

(2) OFFERING TECHNICAL ADVICE AND ASSISTANCE ON
DEBT MANAGEMENT TECHNIQUES, INCLUDING ADVICE
ON THE USE OF COMMERCIALY-BORROWED FUNDS;
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AND

(3) MAKING AN EFFORT TO MAXIMIZE ASSISTANCE TO
THOSE DEVELOPING COUNTRIES WHOSE FINANCIAL
SITUATION MAY CONSTRAIN GROWTH UNDULY.

NEVERTHELESS, IT IS RECOGNIZED THAT, DESPITE SUCH PRE-
VENTATIVE ACTION, DIFFICULT STRUCTURAL FINANCIAL PRO-
BLEMS MAY ARISE, WHICH MAY UNDULY IMPEDE A COUNTRY'S
DEVELOPMENT, AND THAT SPECIFIC REMEDIAL MEASURES WOULD
THEN BE CALLED FOR.

MECHANISM TO IDENTIFY AND AID COUNTRIES WITH
SERIOUS STRUCTURAL FINANCIAL PROBLEMS

NOT ALL OF THE POOREST COUNTRIES ARE EXPERIENCING
SERIOUS STRUCTURAL FINANCIAL PROBLEMS. IT IS IMPORTANT,
THEREFORE, TO HAVE SOME MECHANISM FOR IDENTIFYING THE
COUNTRIES IN THESE SITUATIONS AND INSURING THAT APPROPRI-
ATE ACTION TO ASSIST THEM IS TAKEN. IT WAS NOTED THAT
THERE APPEARED TO BE AT LEAST TWO APPROACHES WHICH
DESERVED FURTHER STUDY AND ELABORATION. THE FIRST IS A
SCREENING PROCESS IN WHICH COUNTRIES WHICH FELT THEY HAD
SUCH A PROBLEM WOULD SUBMIT THEIR CASE TO AN APPROPRIATE
INTERNATIONAL BODY, PROBABLY THE IBRD, AND HAVE THEIR
CASE EXAMINED. THE SECOND IS A SYSTEMATIC EXAMINATION
OF ALL OF THE POOREST COUNTRIES TO DETERMINE WHICH ARE
IN NEED. FURTHER DETAILS ON THE TWO APPROACHES ARE
GIVEN BELOW.

A. SCREENING PROCESS

ONE POSSIBLE METHOD OF CARRYING OUT A SCREENING PROCESS,
WHICH WAS NOTED, IS SET OUT BELOW:

- (1) THE DEVELOPING COUNTRY CONCERNED WOULD MAKE A
REQUEST TO THE IBRD OR ANOTHER APPROPRIATE MULTI-
LATERAL DEVELOPMENT FINANCE INSTITUTION MUTUALLY
AGREED UPON. THESE REQUESTS SHOULD GIVE
REASONS AND CONTAIN ALL OTHER RELEVANT DATA.

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- (2) THE APPROPRIATE INSTITUTION WOULD THEN EXAMINE THE
REQUEST, PAYING PARTICULAR ATTENTION TO THE FOLLOW-
ING ELEMENTS:

- (A) THE RELATIVE POVERTY OF THE DEVELOPING COUNTRY
CONCERNED;

- (B) THE EXTENT TO WHICH THE COUNTRY CONCERNED
DEPENDS ON ODA;

- (C) DEVELOPMENTS IN AND PROSPECTS FOR EXPORT
RECEIPTS AND FOR THE CAPACITY OF ENSURING
IMPORTS ESSENTIAL TO THE DEVELOPMENT PROCESS,
SUCH AS FERTILIZER AND OTHER AGRICULTURAL
INPUTS, FOODSTUFFS, ENERGY, CAPITAL GOODS (AND
SPARE PARTS) AND INDUSTRIAL RAW MATERIALS;

- (D) THE COMPOSITION AND TREND OF DEBT SERVICE

OBLIGATIONS AND ITS CAPACITY FOR ANY FURTHER
BORROWING UPON NON-CONCESSIONAL TERMS;

(E) THE IMPACT WHICH THE SITUATION HAS ALREADY HAD
UPON ESSENTIAL IMPORTS;

(F) WHETHER THE DEVELOPMENT PLAN FOR THE RELEVANT

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PERIOD IS APPROPRIATE;

(G) THE EXTENT TO WHICH THE DEVELOPING COUNTRY HAS
MADE USE OF IMF FACILITIES.

(3) IN ANALYZING THE GENERAL ECONOMIC SITUATION OF THE
COUNTRY, THE APPROPRIATE INSTITUTION WOULD INCORPOR-

ATE THE FUND'S ASSESSMENT OF ITS BALANCE OF PAYMENTS AND EXCHANGE RATE POLICIES AND PROSPECTS, INCLUDING DEBT SERVICING. THIS ANALYSIS WOULD ALSO MAKE AN APPRECIATION OF THE LEVEL OF ODA WHICH IS AVAILABLE IN APPROPRIATE FORMS. THE ANALYSIS WOULD, FURTHERMORE, ESTABLISH THE EFFECTIVENESS OF THE COUNTRY'S USE OF BOTH DOMESTIC AND EXTERNAL RESOURCES FOR SAFEGUARDING ITS DEVELOPMENT PROCESS, SUCH AS MOBILIZATION OF DOMESTIC SAVINGS, PRIORITIES FOR NEW INVESTMENT LIMITED OFFICIAL USE

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MENT, AND EXPORT PROMOTION POLICIES, AND ITS MEASURES FOR MONITORING EXTERNAL CREDITS AND OTHER MEASURES TO AVOID DEBT-SERVICING DIFFICULTIES AS OUTLINED IN THE REPORT OF THE UNCTAD AD HOC GROUP OF GOVERNMENTAL EXPERTS ON "DEBT PROBLEMS OF DEVELOPING COUNTRIES".

(4) THE RELEVANT INSTITUTION WOULD, IF THE ANALYSIS REVEALS THAT, IN THE CONTEXT OF DEVELOPMENT POLICY, THE PROSPECTS OF THE COUNTRY IN QUESTION ARE SERIOUSLY AFFECTED, CONTACT THE AID DONORS IN ORDER TO DISCUSS, BY MUTUAL AGREEMENT, THE NEEDS OF THE DEVELOPING COUNTRY WITHIN THE FRAMEWORK OF CONSORTIA, EXISTING CONSULTATIVE GROUPS OR AD HOC GROUP MEETINGS.

B. SYSTEMATIC EVALUATION

ONE POSSIBLE METHOD OF CARRYING OUT SUCH A SYSTEMATIC EVALUATION, WHICH WAS NOTED, IS SET OUT BELOW.

THE WORLD BANK (WITH THE ASSISTANCE OF THE IMF) SHOULD BE REQUESTED TO UNDERTAKE SUCH STUDIES ON A COUNTRY-BY-COUNTRY BASIS WITH PRIORITY TO THE LEAST DEVELOPED AND POOREST MSA DEVELOPING COUNTRIES. THE STUDIES SHOULD BE UNDERTAKEN UNLESS PRIVATE CONSULTATIONS INDICATE THE DEBTOR COUNTRY DOES NOT WISH TO BE CONSIDERED. (A FIRM TIME-TABLE FOR THE COMPLETION OF THE STUDIES MIGHT BE ESTABLISHED). THE COMPLETED STUDIES MIGHT BE REFERRED TO THE EXECUTIVE BOARDS OF THE IBRD AND IMF WHICH MIGHT JOINTLY UNDERTAKE THE PROCESS OF DETERMINING WHETHER (SPECIFIC) ACTION (IN THE FORM OF DEBT RELIEF) IS RECOMMENDED IN EACH CASE.

ACTION IN IDENTIFIED CASES

AS REGARDS THE TYPE OF ACTION WHICH COULD BE TAKEN, ON A CASE BY CASE BASIS, FOLLOWING THE SCREENING OR SYSTEMATIC EVALUATION PROCESS, THE FOLLOWING TWO TYPES OF SOLUTION WERE NOTED:

(A) THE DELEGATION WHICH PROPOSED THE SCREENING PROCESS
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SET OUT ABOVE HAS ALSO PROPOSED THE FOLLOWING SUBSE-
QUENT ACTION:

- (1) THE APPROPRIATE INTERNATIONAL INSTITUTION
WOULD SUBMIT ITS REPORT ON MEASURES WHICH
MIGHT BE TAKEN BY THE RECIPIENT COUNTRY, TAKING
INTO ACCOUNT THE USE OF IMF FACILITIES, AND BY
THE DONOR COUNTRIES) AND INVITE ALL CONCERNED
TO EXAMINE THESE RECOMMENDATIONS FAVORABLY.
- (2) AMONG MEASURES WHICH MIGHT BE TAKEN BY A DONOR
COUNTRY, PROGRAM AID AND ANY FLEXIBLE FORMS OF
QUICK DISBURSING AID WOULD BE CONSIDERED AS
PREFERABLE TO ODA DEBT REORGANIZATION.
- (3) HOWEVER, IN EXCEPTIONAL CASES, A DONOR COUNTRY
MIGHT USE ODA DEBT REORGANIZATION.
- (4) AS TO MULTILATERAL DEVELOPMENT FINANCE
INSTITUTIONS, THEY WOULD CONSIDER COMMITTING
NEW RESOURCES IN AN APPROPRIATE FORM WITHIN
THEIR LENDING POLICIES AND PRACTICES.
- (5) THE DEBTOR WOULD TRY TO MAKE EQUIVALENT
ARRANGEMENTS WITH MAJOR COUNTRIES NOT TAKING
PART IN THE OPERATION SO THAT THE INCREASED

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BALANCE OF PAYMENTS FLEXIBILITY PROVIDED WAS
NOT INDIRECTLY USED TO REPAY THESE OTHER
COUNTRIES.

(6) AID PROVIDED WOULD BE ON TERMS APPROPRIATE
TO THE ECONOMIC SITUATION AND THE DEVELOPMENT
PROSPECTS OF THE RECIPIENT COUNTRY.

(B) ANOTHER DELEGATION HAS PROPOSED THE FOLLOWING TYPE
OF ACTION:

(1) IN THE EVENT A DEVELOPING COUNTRY ENCOUNTERS
LONG-TERM FINANCIAL DIFFICULTIES IMPINGING
UNDULY ON ITS DEVELOPMENT PROGRESS, AND IN THE
EVENT THAT THE DEVELOPING COUNTRY DEMONSTRATES
A WILLINGNESS TO TAKE CORRECTIVE MEASURES ON
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ITS OWN BEHALF INsofar AS IT IS ABLE, DONOR
COUNTRIES SHOULD, TO THE BEST OF THEIR ABILI-
TIES, MAXIMIZE ASSISTANCE EFFORTS. SUCH AN
EFFORT SHOULD GENERALLY BE DIRECTED TOWARDS
INCREASING THE QUANTITY AND IMPROVING THE
QUALITY OF AID TO THIS COUNTRY.

(2) AMONG THE VARIOUS MEASURES WHICH MIGHT BE
TAKEN BY A DONOR COUNTRY FOR THIS PURPOSE,
PROGRAM AID AND ANY FLEXIBLE FORMS OF QUICKLY
DISBURSABLE AID WOULD BE CONSIDERED PREFERABLE
TO DEBT REORGANIZATION.

(3) HOWEVER, IN EXCEPTIONAL CASES, A DONOR COUNTRY MIGHT CHOOSE TO USE DEBT REORGANIZATION. IN THIS EVENT, IT IS DESIRABLE THAT THE REORGANIZATION SHOULD COVER CREDITS WHICH CARRY THE HARDEST TERMS AND SHOULD INVOLVE A CONCESSIONAL ELEMENT AT LEAST AS GREAT AS THAT OF COMPARABLE NEW CREDITS.

MEASURES TO PREVENT THE RE-EMERGENCE OF DEBT-SERVICING PROBLEMS

THE FOLLOWING SUGGESTIONS SUBMITTED BY ONE DELEGATION WERE NOTED:

TO PREVENT A RE-EMERGENCE OF DEBT SERVICING DIFFICULTIES, COMMITMENTS WOULD BE REQUIRED FROM BOTH CREDITORS AND THE RECIPIENT DEBTOR;

(1) COUNTRIES BENEFITING FROM THE PROVISION OF DEBT RELIEF WOULD BE REQUIRED TO GIVE ECONOMIC UNDERTAKINGS SIMILAR TO THOSE REQUIRED BY THE IMF FOR STANDBY ARRANGEMENTS OR THE 'CREDITOR CLUBS' WHEN COMMERCIAL DEBT RESCHEDULINGS ARE PROVIDED.

(2) THE CREDITOR COUNTRIES ON THE OTHER HAND WOULD BE REQUIRED TO GIVE FIRM UNDERTAKINGS AS TO THE FORM, CONCESSIONALITY AND DURATION OF THE LIMITED OFFICIAL USE

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DEBT RELIEF TO BE PROVIDED.

(3) CREDITORS MIGHT ALSO BE REQUIRED TO UNDERTAKE TO ENSURE THAT FUTURE ODA TRANSFERS TO RECIPIENTS OF DEBT RELIEF BE MADE ON TERMS AT

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LEAST AS CONCESSIONAL AS THOSE PROVIDED BY IDA.

(4) IT WOULD ALSO BE USEFUL IF THE IBRD/IMF COULD
BECOME FURTHER INVOLVED BY ASSUMING THE
RESPONSIBILITY TO MONITOR THE PROGRESS OF THE
ECONOMIC RECOVERY PROGRAM IN EACH RECIPIENT
COUNTRY, AND TO RECOMMEND MEASURES TO BOTH THE
CREDITORS AND THE DEBTOR THAT COULD ASSIST IN
THE AVOIDANCE OF A RE-EMERGENCE OF DEBT SERV-
ICING PROBLEMS.

ANNEX

VIEWS EXPRESSED BY CERTAIN DELEGATIONS

IN ADDITION TO THE TASK OF ELABORATING CRITERIA OR
FEATURES TO GUIDE THE HANDLING OF DEBT PROBLEMS IN A
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LONGER-TERM PERSPECTIVE SOME DELEGATIONS STRESSED THE
NEED FOR A CONCRETE RESPONSE TO THE DEMANDS OF THE G19
FOR IMMEDIATE DEBT RELIEF. IN THIS CONTEXT, THE FOLLOW-
ING SUGGESTIONS BY ONE DELEGATION WERE NOTED. SUCH A
RESPONSE COULD TAKE THE FORM OF A GENERAL POLITICAL
COMMITMENT BY G8 MEMBERS TO PROVIDE ADDITIONAL RESOURCES

IN THE FORM OF DIRECT ODA DEBT RELIEF AND/OR EQUIVALENT MEASURES TO THE LEAST DEVELOPED AND MOST SERIOUSLY AFFECTED DEVELOPING COUNTRIES. THE TERMS, CONDITIONS AND MODALITIES OF SUCH ACTIONS COULD VARY FROM CASE TO CASE. CREDITOR/DONOR COUNTRIES NOT BEING IN A POSITION TO GRANT DIRECT ODA DEBT RELIEF--DUE TO TECHNICAL OR CONSTITUTIONAL PROBLEMS--COULD RESORT TO EQUIVALENT MEASURES (ADDITIONAL ODA, E.G. IN THE FORM OF UNTIED PROGRAM AID OR IMPORT SUPPORT). THE IMPLEMENTATION OF THIS GENERAL POLITICAL COMMITMENT COULD BE LEFT TO EACH CREDITOR/DONOR COUNTRY ON A BILATERAL BASIS (CF. THE GSP SYSTEM). HOWEVER, A REVIEW MECHANISM SHOULD BE ESTABLISHED SO THAT IMPLEMENTATION CAN BE MONITORED, E.G. WITHIN A YEAR AFTER THE COMMITMENT WAS MADE.

ABOVE TEXT IS A "CHAIRMAN'S WORKING PAPER" AND IS NOT AN AGREED TEXT. DESCRIPTION OF PRECISE STATUS OF PAPER, AND COMMENTS AND CONSIDERATIONS OF DELEGATIONS WITH REGARD TO IT WILL FOLLOW SEPTTEL.

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Disposition Action: RELEASED
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Disposition Authority: BoyleJA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
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